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**Partners HealthCare Reports Second Quarter 2019 Financial Results**

BOSTON, MA – Partners HealthCare today reported operating income of \$131 million (3.9% operating margin) in the second quarter of fiscal year 2019, which ended on March 31. Health care provider activity generated operating income of \$136 million (see Provider Activity) and insurance activity (AllWays Health Partners) generated an operating loss of \$5 million (see Insurance Activity). In the comparable 2018 quarter, Partners reported income from operations of \$69 million (2.1% operating margin), including \$59 million from provider activity and \$10 million from insurance activity.

“As an integrated health care system, and as part of our *Partners 2.0* effort to increase the value we deliver, we are continuously improving upon our efforts to treat less complex cases in community settings, allowing us to better ensure that Mass General and Brigham and Women’s have the capacity to treat the sickest patients,” said **Peter K. Markell, Chief Financial Officer and Treasurer at Partners HealthCare**. “Simply put, it is better for the patient, it is a more efficient way to deliver care, and it has helped strengthen our operating results these past few quarters. Additionally this quarter, favorable market conditions enabled us to recover the non-operating losses we experienced during the first quarter. The transition resulting from the retirement of Dr. David Torchiana as the President and CEO of Partners to Dr. Anne Klibanski as Interim President and CEO has gone extremely well and we expect continued strong execution of the Partners strategy.”

Partners reported an overall gain of \$623 million in the 2019 second quarter, including a non-operating gain of \$492 million. Non-operating activity includes gains and losses on investments and interest rate swaps, which can vary significantly year to year due to volatility in the financial markets, and philanthropic and other activity. The 2019 quarter also reflects the impact of new accounting rules which require all investments to be measured at market value; under prior rules,

a portion of Partners investments were measured at cost. In the 2018 second quarter, Partners reported an overall gain of \$158 million, including a non-operating gain of \$89 million.

***Health Care Provider & Other Activity (Provider Activity)***

Provider activity generated operating income of \$136 million (4.2% operating margin) in the second quarter of 2019 and \$59 million (2.0% operating margin) in the second quarter of 2018. The 2019 quarter includes activity for Mass Eye & Ear (MEE), which joined Partners on April 1, 2018.

Revenue for provider activity increased \$312 million (11%, including 4% or \$106 million for the addition of MEE) to \$3.2 billion in the 2019 second quarter. Net patient service revenue increased \$221 million (10%) to \$2.5 billion, primarily reflecting higher patient acuity, growth in utilization of certain services and rate increases. Research revenue increased \$41 million (9%) to \$504 million. Other operating revenue, excluding patient care and research revenue, increased \$50 million (29%) to \$222 million, reflecting activity for our new specialty pharmacy business (\$27 million).

Operating expenses attributable to provider activity increased \$235 million (8%, including 4% or \$110 million for the addition of MEE) to \$3.1 billion in the 2019 second quarter. Employee compensation and benefits increased \$121 million (8%) to \$1.7 billion. Supplies and other expenses increased \$79 million (11%) to \$778 million reflecting pharmaceuticals (\$40 million, 29%, including costs related to our new specialty pharmacy) and medical supplies (\$14 million, 11%). Depreciation and interest expense increased \$5 million (3%) to \$214 million.

***Insurance Activity***

Insurance activity resulted in an operating loss of \$5 million (-2.6% operating margin) in the 2019 second quarter compared to an operating gain of \$10 million (2.5% operating margin) in the 2018 second quarter.

Premium revenue decreased \$218 million (-53%) to \$197 million and medical claims expense decreased \$190 million (-52%) to \$177 million in the 2019 second quarter. AllWays' medical

loss ratio (the percentage of insurance premiums that are used to pay medical claims) was 90.0%

in 2019 and 88.4% in 2018. The anticipated decline in premium revenue and medical claims expense is primarily related to the restructuring of the MassHealth program by the Commonwealth of Massachusetts (effective March 1, 2018). As of March 31, 2019, approximately 48% of AllWays' 240,459 members were in fully insured plans and 52% were in self-insured plans (including approximately 100,000 Partners employees and family members).

“With Massachusetts’ MassHealth transition complete, AllWays Health Partners is focused on sustaining its successful commercial growth in the coming year as they continue to roll out innovative products and offer employers technology-based solutions to administer employee health plans,” **said Markell.**

General and administrative costs decreased \$5 million (-14%) to \$32 million in the 2019 quarter. The administrative expense ratio (the percentage of insurance premiums that are used to pay general and administrative expenses) increased to 12.1% from 8.9% in 2019 relating to the shift in membership composition.

#### ***Year-to-Date Consolidated Results***

Partners reported income from operations of \$270 million (4.0% operating margin) for the six months ended March 31, 2019. Provider activity generated operating income of \$279 million (4.3% operating margin) and insurance activity generated an operating loss of \$9 million (-2.2% operating margin). In the comparable prior year period, Partners reported income from operations of \$184 million (2.8% operating margin), including \$135 million (2.3% operating margin) from provider activity and \$49 million (4.9% operating margin) from insurance activity.

Total operating revenue increased \$124 million (2%) to \$6.8 billion for the six months ended March 31, 2019. Total operating expenses increased \$39 million (1%) to \$6.5 billion, as

increases in wages and benefits (\$232 million, 7%), supplies and other expenses (\$165 million, 11%) and depreciation and interest (\$11 million, 3%) were largely offset by a decline in medical claims (\$425 million, -61%).

For the six months ended March 31, 2019, Partners absorbed \$696 million in Medicare, Medicaid, and Health Safety Net shortfalls due to government reimbursements that failed to pay the full cost of providing care to Medicare, low-income, and uninsured patients, comparable to the \$703 million shortfall absorbed in the same 2018 quarter.

Partners reported an overall gain of \$160 million for the six months ended March 31, 2019, including a nonoperating loss of \$110 million. The 2019 period reflects the impact of new accounting rules which require all investments to be measured at market value. In the comparable 2018 six-month period Partners reported an overall gain of \$479 million, including nonoperating gains of \$295 million.

### ***Partners in the Community***

With a research enterprise of \$1.7 billion, Partners is the country's largest biomedical research organization in the country. Earlier this month, Partners hosted the World Medical Innovation Forum and convened nearly 2,000 global health leaders to showcase the latest advances in the evolving discipline of artificial intelligence. The event brought together industry-leading CEOs and clinical and research leaders for in-depth panel discussions on the role machine learning, technology and data will play in advancing medical discoveries and the transformative impact these advances will have on patients and clinicians.

The deliverables from the Forum will not only drive advances in innovation and better patient care world-wide, they will also continue to stimulate economic growth for the region. In addition to enabling critical advancements in medicine and patient care, to date, research at Partners institutions has led to the creation of more than 280 spin-off companies, 150 of which are located in Massachusetts. To learn more about research at Partners, click [here](#) and to see videos from the World Medical Innovation Forum, click [here](#).

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#### ***Forward-Looking Statements***

*This press release contains certain "forward-looking statements" concerning financial and operating plans and results which involve known and unknown risks and uncertainties. In particular, statements preceded or followed by, or that include the words, "believes," "expects," "estimates," "anticipates," "plans," "intends," "scheduled," or similar expressions are forward-looking statements. Various factors could cause Partners' actual results to differ materially including, but not limited to, federal and state regulation of healthcare providers, changes in reimbursement policies of state and federal government and managed care organizations, competition in the healthcare industry in our market, general economic and capital market conditions, and changes in our labor and supply costs and in our ability to retain personnel. For more information on these and other risk factors, please refer to our most recent bond official statement or annual disclosure statement filed on the Electronic Municipal Market Access (EMMA) website maintained by the Municipal Securities Rulemaking Board. We undertake no responsibility to update any such forward-looking statements except as expressly required by law.*

**Partners HealthCare** is an integrated health system founded by Brigham and Women's Hospital and Massachusetts General Hospital. In addition to its two academic medical centers, the Partners system includes community and specialty hospitals, a managed care organization, community health centers, a physician network, home health and long-term care services, and other health-related entities. Partners is one of the nation's leading biomedical research organizations and a principal teaching affiliate of Harvard Medical School. Partners HealthCare is a non-profit organization.

**Partners HealthCare System, Inc. and Affiliates**  
**Consolidated Balance Sheets**  
(In Thousands)

	<b>March 31, 2019</b> <b>(unaudited)</b>	<b>September 30, 2018</b> <b>(audited)</b>
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and equivalents	\$ 511,508	\$ 398,413
Investments	2,487,037	1,942,117
Current portion of investments limited as to use	1,960,099	1,465,354
Patient accounts receivable	1,162,324	1,078,086
Research grants receivable	155,652	154,449
Other current assets	560,020	517,812
Receivable for settlements with third-party payers	124,531	115,561
<b>Total current assets</b>	<b>6,961,171</b>	<b>5,671,792</b>
Investments limited as to use, less current portion	4,254,327	3,716,162
Long-term investments	2,054,625	1,628,972
Net pledges and receivable, less current portion	229,949	246,951
Property and equipment, net	6,387,480	6,401,710
Other assets	614,357	637,944
<b>Total assets</b>	<b>\$ 20,501,909</b>	<b>\$ 18,303,531</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current liabilities</b>		
Current portion of long-term obligations	\$ 453,937	\$ 459,390
Accounts payable and accrued expenses	760,102	696,890
Accrued medical claims and related expenses	63,111	64,398
Accrued employee compensation and benefits	815,434	854,375
Accrual for settlements with third-party payers	85,491	68,711
Unexpended funds on research grants	283,333	284,178
<b>Total current liabilities</b>	<b>2,461,408</b>	<b>2,427,942</b>
<b>Other liabilities</b>		
Accrued professional liability	510,540	512,516
Accrued employee benefits	930,360	958,275
Interest rate swaps liability	359,060	254,295
Accrued other	198,238	231,954
Long-term obligations, less current portion	5,345,497	4,945,968
<b>Total liabilities</b>	<b>9,805,103</b>	<b>9,330,950</b>
<b>Net assets</b>		
Unrestricted	8,429,978	7,073,335
Donor restricted	2,266,828	1,899,246
<b>Total net assets</b>	<b>10,696,806</b>	<b>8,972,581</b>
<b>Total liabilities and net assets</b>	<b>\$ 20,501,909</b>	<b>\$ 18,303,531</b>

**Partners HealthCare System, Inc. and Affiliates**  
**Consolidated Statements of Operations**  
(In Thousands)

	<b>Second Quarter Ended March 31,</b>		<b>Six Months Ended March 31,</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
<b>Operating revenue</b>				
Net patient service revenue	\$ 2,477,218	\$ 2,223,434	\$ 4,979,710	\$ 4,432,177
Premium revenue	196,785	414,122	394,169	990,646
Direct academic and research revenue	391,367	361,837	779,842	724,110
Indirect academic and research revenue	112,403	101,030	223,073	200,981
Other revenue	223,381	172,111	431,955	336,782
<b>Total operating revenue</b>	<b>3,401,154</b>	<b>3,272,534</b>	<b>6,808,749</b>	<b>6,684,696</b>
<b>Operating expenses</b>				
Employee compensation and benefit expenses	1,735,631	1,621,191	3,456,779	3,224,750
Supplies and other expenses	792,773	717,910	1,601,990	1,436,990
Medical claims and related expenses	135,958	293,169	271,086	695,924
Direct academic and research expenses	391,367	361,837	779,842	724,110
Depreciation and amortization expenses	169,137	163,565	339,542	327,568
Interest expense	45,085	45,399	89,798	91,104
<b>Total operating expenses</b>	<b>3,269,951</b>	<b>3,203,071</b>	<b>6,539,037</b>	<b>6,500,446</b>
<b>Income from operations</b>	<b>131,203</b>	<b>69,463</b>	<b>269,712</b>	<b>184,250</b>
<b>Nonoperating gains (expenses)</b>				
Income (loss) from investments	540,837	10,452	(22,908)	167,082
Change in fair value of interest rate swaps	(49,600)	60,755	(120,008)	51,440
Other	(12,519)	(18,749)	(75,016)	(4,042)
Academic and research gifts, net of expenses	12,875	35,938	108,252	80,698
<b>Total nonoperating gains, net</b>	<b>491,593</b>	<b>88,396</b>	<b>(109,680)</b>	<b>295,178</b>
<b>Excess of revenues over expenses</b>	<b>622,796</b>	<b>157,859</b>	<b>160,032</b>	<b>479,428</b>
<b>Other changes in net assets</b>				
Funds utilized for property and equipment	89,053	6,870	93,157	13,865
Other	3,378	3,592	3,373	6,383
Cumulative effect of accounting change	-	-	1,100,081	-
<b>Increase in unrestricted net assets</b>	<b>\$ 715,227</b>	<b>\$ 168,321</b>	<b>\$ 1,356,643</b>	<b>\$ 499,676</b>

See Notes to Consolidated Financial Statements (Unaudited)

**Partners HealthCare System, Inc. and Affiliates**  
**Consolidated Statements of Cash Flows**  
(In Thousands)

	<b>Six Months Ended March 31,</b>	
	<b>2019</b>	<b>2018</b>
Cash flows from operating activities:		
Change in net assets	\$ 1,724,225	\$ 622,623
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Loss on refunding of debt	836	44,863
Change in fair value of interest rate swaps	120,008	(51,440)
Depreciation and amortization	339,542	327,568
Amortization of bond discount, premium and issuance costs	(5,340)	(3,840)
Net realized and change in unrealized appreciation on investments	(77,592)	(277,429)
Restricted contributions and investment income	(61,356)	(58,723)
Cash premium upon issuance of bonds	-	140,222
Increases (decreases) in cash resulting from a change in		
Patient accounts receivable	(84,238)	(26,683)
Other assets	(12,295)	(119,644)
Accounts payable and accrued expenses	(41,758)	(149,987)
Accrued medical claims and related expenses	(1,287)	(96,684)
Settlements with third-party payers	1,668	(25,550)
<b>Net cash provided by operating activities</b>	<b>1,902,413</b>	<b>325,296</b>
Cash flows from investing activities:		
Purchases of property and equipment	(323,363)	(301,610)
Net (purchases) sales of investments	(1,925,891)	(332,794)
<b>Net cash used for investing activities</b>	<b>(2,249,254)</b>	<b>(634,404)</b>
Cash flows from financing activities:		
Repayments under line of credit	(52,848)	-
Payments on long-term obligations	(107,810)	(446,180)
Proceeds from long-term obligations, net of financing costs	559,238	1,343,450
Deposits into refunding trusts	-	(789,172)
Restricted contributions and investment income	61,356	58,723
<b>Net cash provided by financing activities</b>	<b>459,936</b>	<b>166,821</b>
<b>Net increase (decrease) in cash and equivalents</b>	<b>113,095</b>	<b>(142,287)</b>
<b>Cash and equivalents at beginning of period</b>	<b>398,413</b>	<b>739,117</b>
<b>Cash and equivalents at end of period</b>	<b>\$ 511,508</b>	<b>\$ 596,830</b>

**Notes to Consolidated Financial Statements**  
**(In Thousands)**

1. The accompanying consolidated quarterly financial statements have been prepared on the accrual basis of accounting and include the accounts of Partners HealthCare System, Inc. (PHS) and its affiliates. PHS, together with all of its affiliates, is referred to as "Partners HealthCare." The financial statements do not include all the information and footnote disclosures required by generally accepted accounting principles. These statements should be read in conjunction with Partners HealthCare's audited consolidated financial statements for the fiscal year ended September 30, 2018.

The consolidated quarterly financial statements are unaudited. These statements include all adjustments (consisting of normal recurring accruals) considered necessary by management to present a fair statement of the results of operations, financial position and cash flows. The results reported in these consolidated financial statements should not be regarded as necessarily indicative of results that may be expected for the entire year.

2. Partners HealthCare adopted the following new Accounting Standards Updates (ASU) in 2019: *Revenue From Contracts with Customers* (Revenue Standard); *Financial Instruments-Overall: Recognition and Measurement of Financial Assets and Financial Liabilities* (Financial Instruments Standard); *Presentation of Financial Statements for Not-for-Profit Entities* (Not-For-Profit Standard); and *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* (Contributions Standard).

The Revenue Standard implements a single framework for recognition of all revenue earned from customers in exchange contracts. This framework ensures that entities appropriately reflect the consideration to which they expect to be entitled in exchange for goods and services by allocating transaction price to identified performance obligations and recognizing revenue as performance obligations are satisfied. Qualitative and quantitative disclosures are required to enable users of financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

The Financial Instruments Standard made changes to the recognition of and measurement of financial assets. Partners HealthCare now records marketable investments at fair value with changes in fair value recognized as nonoperating investment income. The impact of adopting this new accounting guidance resulted in a cumulative effect of accounting change of \$1,100,081.

The Not-For-Profit Standard makes targeted changes to the not-for-profit financial reporting model. The primary change under the new guidance is the presentation of two net asset classes versus the previously required three. The guidance also requires new disclosures about information useful for assessing liquidity and availability of resources. Partners HealthCare has adopted the guidance for the interim six-month period ended March 31, 2019 and certain prior year amounts have been reclassified.

The Contributions Standard clarifies the definition of an exchange and non-exchange transaction and provides guidance on determining whether a nonexchange transaction (contribution) is conditional or unconditional.

3. Income from investments (including realized gains and losses, change in value of investments, interest, dividends and endowment income distributions) is included in excess of revenues over expenses unless the income or loss is restricted by donor or law. Income from investments is reported net of investment-related expenses.
4. Changes in third party payer settlements and other estimates are recorded in the year of the change in estimate. For the three months ended March 31, 2019 and 2018, adjustments to prior year estimates resulted in an increase to operations of \$9,135 and \$18,468, respectively. For the six months ended March 31, 2019 and 2018, adjustments to prior year estimates resulted in an increase of \$22,167 and \$32,208, respectively.
5. Risk-based capital (RBC) is a methodology adopted by the National Association of Insurance Commissioners (NAIC) for determining the minimum level of capital and surplus deemed necessary for an insurer based upon the types of assets held and business written. Pursuant to a guaranty entered into by PHS when it acquired AllWays Health Partners Inc. (AllWays) in 2012 (the RBC Guaranty), PHS has committed to maintain AllWays' capital and surplus at a specified minimum level, measured quarterly in accordance with an RBC methodology permitted by the Massachusetts Division of Insurance (DOI). The RBC Guaranty may be enforced by the DOI.



**Notes to Consolidated Financial Statements**  
**(In Thousands)**

6. The current portion of long-term obligations includes payments scheduled to be made over the next twelve months of \$79,987, bonds supported by Partners HealthCare liquidity that can be tendered prior to March 31, 2020 of \$217,700 and bonds supported by bank facilities with financial institutions (standby bond purchase agreements or letters of credit) that expire prior to March 31, 2020 of \$156,250. The bonds supported by Partners HealthCare liquidity provide the bondholder with an option to tender the bonds to Partners HealthCare. Accordingly, these bonds are classified as a current liability. The bonds supported by bank facilities provide the bondholder with an option to tender the bonds to the liquidity provider. Generally accepted accounting principles require bonds backed by bank facilities expiring within one year of the balance sheet date as well as potential principal amortization under bank facilities' term out provisions due within one year of the balance sheet date to be classified as a current liability.
7. In December 2018 and January 2019, PHS issued \$350,000 and \$50,000, respectively, of Partners HealthCare System Taxable Senior Notes. Proceeds from the notes will be used to finance certain capital projects.

In January 2019, PHS issued \$158,250 of Partners HealthCare System Series 2019 T Revenue Bonds. The bond proceeds were used to refund Massachusetts Eye and Ear Infirmary Series D Bonds (\$55,402), refund Series M-2 Bonds (\$50,000), and repay the borrowing under the credit agreement (\$52,848).

8. Partners HealthCare maintains a \$150,000 Credit Agreement (the Agreement) that provides access to same day funds. Advances under the Agreement bear a variable rate of interest based on the London Interbank Offered Rate (LIBOR). As of March 31, 2019, there were no amounts outstanding under the Agreement. The Agreement expires in June 2020.
9. Effective April 1, 2018, the Foundation of the Massachusetts Eye and Ear Infirmary, Inc. (Mass Eye and Ear) became an affiliate of Partners HealthCare when Partners HealthCare became the sole corporate member of Mass Eye and Ear. As a result of the acquisition, Partners HealthCare recognized \$157,312 included in excess of revenues over expenses on April 1, 2018. Generally accepted accounting principles require the recognition of the fair value of assets and liabilities as of the acquisition date.

**Summary financial data for Mass Eye  
and Ear - (GAAP, \$ in 000's)**

	<b>Second Quarter Ended March 31, 2019</b>	<b>Six Months Ended March 31, 2019</b>
Total operating revenue	<u>\$ 105,800</u>	<u>\$ 211,773</u>
Loss from operations	\$ (3,734)	\$ (7,060)
Nonoperating investment income (loss)	14,234	7,720
Excess of revenues over expenses	<u>\$ 10,500</u>	<u>\$ 660</u>

**PARTNERS HEALTHCARE SYSTEM, INC.: ACUTE CARE SECTOR <sup>(1)</sup>**  
**UTILIZATION STATISTICS - AS REPORTED**

	<b>Second Quarter Ended March 31,</b>		<b>Six Months Ended March 31,</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
<b>INPATIENT:</b>				
Discharges	41,301	41,314	83,655	83,350
% Change	0.0%		0.4%	
Discharge Days	226,014	220,000	453,831	439,924
% Change	2.7%		3.2%	
Average Length of Stay (Days)	5.47	5.33	5.43	5.28
% Change	2.6%		2.8%	
Patient Days	215,323	208,338	430,160	415,078
% Change	3.4%		3.6%	
Births	3,914	3,990	8,039	8,280
% Change	-1.9%		-2.9%	
<b>OUTPATIENT:</b>				
ATO's	6,662	6,526	12,805	13,398
% Change	2.1%		-4.4%	
ED Observations	2,197	2,355	4,349	4,786
% Change	-6.7%		-9.1%	
Day Surgery	24,389	18,141	49,200	36,548
% Change	34.4%		34.6%	
Ambulatory visits	473,368	412,043	958,139	827,307
% Change	14.9%		15.8%	
ER Visits	106,629	103,408	213,148	203,233
% Change	3.1%		4.9%	
Procedures	408,456	389,851	822,707	794,855
% Change	4.8%		3.5%	
Major Imaging	104,122	93,070	208,004	187,791
% Change	11.9%		10.8%	
Minor Imaging	287,526	279,780	582,679	573,759
% Change	2.8%		1.6%	
Treatments	244,572	221,164	487,717	459,771
% Change	10.6%		6.1%	
Therapies	309,693	304,007	645,193	606,598
% Change	1.9%		6.4%	
Lab Services	2,538,687	2,382,593	5,054,364	4,837,446
% Change	6.6%		4.5%	
<b>CASE MIX INDEX (CMI) <sup>(2)</sup>:</b>				
Combined Academic (The General & BWH)	2.05	1.99	2.02	1.96
	3.0%		3.1%	
Combined Community (BWFH, NSMC & NWH)	1.22	1.20	1.21	1.18
	1.7%		2.5%	

<sup>(1)</sup> Includes data from The General, BWH, BWFH, NSMC, NWH, Cooley Dickinson, Nantucket, Martha's Vineyard, Wentworth-Douglass and Mass Eye and Ear for the period 10/1/18-3/31/19.

<sup>(2)</sup> CMI based on APR-DRG version 30, NY weight

**PARTNERS HEALTHCARE SYSTEM, INC.: ACUTE CARE SECTOR<sup>(1)</sup>**  
**UTILIZATION STATISTICS - SAME FACILITY**

	<b>Second Quarter Ended March 31,</b>		<b>Six Months Ended March 31,</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
<b>INPATIENT:</b>				
Discharges	40,968	41,314	83,010	83,350
% Change	-0.8%		-0.4%	
Discharge Days	224,759	220,000	451,435	439,924
% Change	2.2%		2.6%	
Average Length of Stay (Days)	5.49	5.33	5.44	5.28
% Change	3.0%		3.0%	
Patient Days	214,031	208,338	427,796	415,078
% Change	2.7%		3.1%	
Births	3,914	3,990	8,039	8,280
% Change	-1.9%		-2.9%	
<b>OUTPATIENT:</b>				
ATO's	6,662	6,526	12,805	13,398
% Change	2.1%		-4.4%	
ED Observations	2,197	2,355	4,349	4,786
% Change	-6.7%		-9.1%	
Day Surgery	18,214	18,141	36,915	36,548
% Change	0.4%		1.0%	
Ambulatory visits	415,753	412,043	842,816	827,307
% Change	0.9%		1.9%	
ER Visits	101,657	103,408	202,884	203,233
% Change	-1.7%		-0.2%	
Procedures	408,456	389,851	822,707	794,855
% Change	4.8%		3.5%	
Major Imaging	99,745	93,070	199,346	187,791
% Change	7.2%		6.2%	
Minor Imaging	286,245	279,780	580,126	573,759
% Change	2.3%		1.1%	
Treatments	244,572	221,164	487,717	459,771
% Change	10.6%		6.1%	
Therapies	309,693	304,007	645,193	606,598
% Change	1.9%		6.4%	
Lab Services	2,538,687	2,382,593	5,054,364	4,837,446
% Change	6.6%		4.5%	
<b>CASE MIX INDEX (CMI)<sup>(2)</sup>:</b>				
Combined Academic (The General & BWH)	2.05	1.99	2.02	1.96
	3.0%		3.1%	
Combined Community (BWFH, NSMC & NWH)	1.22	1.20	1.21	1.18
	1.7%		2.5%	

<sup>(1)</sup> Includes data from The General, BWH, BWFH, NSMC, NWH, Cooley Dickinson, Wentworth-Douglas, Nantucket and Martha's Vineyard.

<sup>(2)</sup> CMI based on APR-DRG version 30, NY weight

**PARTNERS HEALTHCARE SYSTEM, INC.:  
REHABILITATION & PSYCHIATRIC CARE SECTORS  
UTILIZATION STATISTICS**

	<b>Second Quarter Ended March 31,</b>		<b>Six Months Ended March 31,</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
<b>REHABILITATION</b>				
<b>Inpatient:</b>				
Discharges	1,079	1,101	2,112	2,233
% Change	-2.0%		-5.4%	
Discharge Days	25,175	24,039	50,895	50,381
% Change	4.7%		1.0%	
Average Length of Stay (Days)	23.33	21.83	24.10	22.56
% Change	6.9%		6.8%	
Patient Days	24,774	25,439	50,428	50,993
% Change	-2.6%		-1.1%	
<b>Outpatient:</b>				
Home Health	443,373	130,397	884,236	336,561
% Change	240.0%		162.7%	
Therapies	263,533	206,745	539,366	418,933
% Change	27.5%		28.7%	

Note: Rehabilitation sector includes Spaulding Boston, Spaulding Cambridge, Spaulding Cape Cod and Partners HealthCare at Home

**PSYCHIATRIC**

<b>Inpatient:</b>				
Discharges	1,436	1,493	2,955	3,068
% Change	-3.8%		-3.7%	
Discharge Days	17,484	16,899	35,624	34,154
% Change	3.5%		4.3%	
Average Length of Stay (Days)	12.18	11.32	12.06	11.13
% Change	7.6%		8.4%	
Patient Days	18,198	17,339	36,311	34,905
% Change	5.0%		4.0%	
<b>Outpatient:</b>				
Psychiatric Services	33,152	29,740	65,428	60,740
% Change	11.5%		7.7%	

**PARTNERS HEALTHCARE SYSTEM, INC.: INSURANCE SECTOR  
STATISTICS**

	<b>Second Quarter Ended March 31,</b>		<b>Six Months Ended March 31,</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
<b>Medical loss ratio <sup>(1)</sup></b>	90.0%	88.4%	88.3%	87.8%
% Change	1.6%		0.5%	
<b>Administrative expense ratio</b>	12.1%	8.9%	13.2%	7.2%
% Change	3.2%		6.0%	
<b>Total members</b>	240,459	138,998	240,459	138,998
% Change	73.0%		73.0%	

<sup>(1)</sup> Excludes impact of premium deficiency reserve charge.

Statistic	Definition
Discharges	The total number of patients discharged from a hospital bed in a given time period
Discharge Days	The total number of days each discharged patient occupied a bed during the duration of their hospital stay
Average Length of Stay	Patient days divided by the number of patient discharges
Patient Days	Total number of days a patient occupied a hospital bed in a given time period
ATO's	Patients admitted under observation status and generally discharged within 24 hours
ED Observations	Patients admitted under observation status in the ER (at GH and BWH) and generally discharged within 24 hours
Day Surgery	Surgical procedures performed on an outpatient basis
Ambulatory visits	Includes office/outpatient services, consults, preventive medicine and psychiatric visit - clinic O/P
ER Visits	Emergency room visits
Procedures	Includes integumentary, musculoskeletal, oral & maxillofacial surg, respiratory, cardiovascular, hemic/lymphatic, mediastinum/diaphragm, digestive, urinary, female/male genital, endocrine, nervous system, eye/ocular adnexa and auditory
Major Imaging	Includes MRI, CT Scan, nuclear medicine and PET Scan
Minor Imaging	Includes radiology diagnostic, ultrasound, breast imaging and 3D reconstruction
Treatments	Includes chemotherapy, radiation therapy, non chemo infusions, dialysis, electroconvulsive therapy and dental
Therapies	Includes respiratory/pulmonary therapy, physical therapy, occupational therapy, speech language pathology, cardiac rehabilitation and nutrition
Lab Services	Lab services
Home Health	Nurse visits, aide visits, physical therapy, occupational therapy, speech-language pathology, registered dietician, medical social work, telemedicine and private duty converted hours
Psychiatric Services	Includes partial days, ART days, individual therapy, group therapy, family therapy, child and adolescent days and other therapies
Case Mix Index	The average diagnosis-related-group weight for all of a hospital's inpatient volume
Medical Loss Ratio	Medical expense as a percentage of premium revenue

**PARTNERS HEALTHCARE SYSTEM, INC.: INVESTMENT LIQUIDITY & DEBT BACKED BY SELF LIQUIDITY**  
as of March 31, 2019  
(In Thousands)

**INVESTMENT LIQUIDITY<sup>(1)</sup>**

Investment Pool	Funds Available						Total
	Same Day	1 Week	1 Month	3 Months	1 Year	>1 Year	
Money Market	\$564,810	-	-	-	-	-	\$564,810
Aggregate Bond	308,135	202,723	-	58,982	-	-	569,840
Long Term	530,699	1,522,044	1,896,186	1,337,411	1,221,989	2,579,954	9,088,284
Total	\$1,403,645	\$1,724,766	\$1,896,186	\$1,396,392	\$1,221,989	\$2,579,954	\$10,222,933
Cumulative Total	\$1,403,645	\$3,128,411	\$5,024,597	\$6,420,990	\$7,642,979	\$10,222,933	

**DEBT BACKED BY SELF LIQUIDITY**

Debt Mode	Funds Required						Total
	Same Day	1 Week	1 Month	3 Months	1 Year	>1 Year	
Flexible Rate <sup>(2)</sup>	-	\$32,500	-	\$137,505	-	-	\$170,005
Index Floating Rate	-	-	-	-	50,000	391,600	441,600
Term Rate	-	-	-	-	-	131,185	131,185
Total	-	\$32,500	-	\$137,505	\$50,000	\$522,785	\$742,790
Cumulative Total	-	\$32,500	\$32,500	\$170,005	\$220,005	\$742,790	

<sup>(1)</sup> Excludes ERISA.

<sup>(2)</sup> Partners HealthCare limits daily maturities on its flexible rate bonds to \$20 million.

# Money Market Pool

3/31/2019

Portfolio Manager  
Benchmark

Various  
iMoneyNet Money Market Fund Average/All Taxable

	Portfolio	Benchmark
Market Value (\$000)	\$ 564,810	n/a
Avg Rating	AAA	A1/P1
Avg Maturity (Days)	1.0	n/a
Avg Life (Days)	1.0	n/a
Avg Yield	2.41%	n/a

Net Asset Value	1.0
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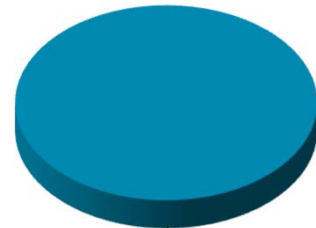
Annualized Returns	Portfolio	Benchmark	Outperform. *
Month	0.15%	0.17%	- 0.03%
Quarter	0.60%	0.51%	+ 0.09%
FYTD	1.10%	0.98%	+ 0.12%
CYTD	0.60%	0.51%	+ 0.09%
1 Year	2.12%	1.74%	+ 0.38%
2 Year	1.55%	1.23%	+ 0.31%
3 Year	1.15%	0.88%	+ 0.27%
5 Year	0.72%	0.54%	+ 0.19%
Inception (12/31/94)	2.66%	2.21%	+ 0.45%

Annualized Performance Measures since Inception (01/05)			
StDev	0.64%	0.62%	-
Sharpe Ratio	0.35	(0.36)	+
Tracking Error	0.07%	n/a	
Info Ratio	6.53	n/a	
Monthly Alpha	0.04%	0.00%	+
Beta	0.89	1.00	+
BM Correl	1.00	1.00	

Relative Performance		# Months	Average
Up Months	Above BM	279	0.038%
	Below BM	12	
Down Months	Above BM	0	
	Below BM	0	

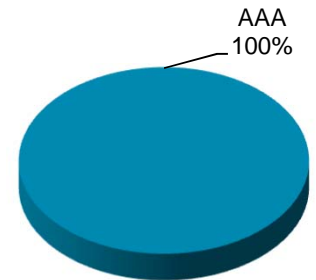
\* computed outperformance may not match portfolio/benchmark returns due to rounding.

## Instruments



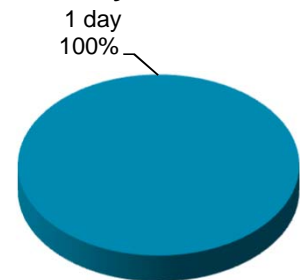
Mutual Funds  
100%

## S&P Quality Breakdown



AAA  
100%

## Maturity Breakdown



1 day  
100%



# Congress Short Term Treasuries

3/31/2019

Portfolio Manager **Jeff Porter** since April 2014  
 Benchmark BC US Treas 1-5 yr

	Portfolio	Benchmark
Market Value (\$000)	\$ 142,761	n/a
# Issues	12	156
Avg Coupon	2.15%	2.14%
Avg Rating	AAA	AAA
Avg Maturity	2.80	2.81
Avg Yield	2.27%	2.28%
Avg Mod. Duration	2.68	2.61
Avg. Convexity	0.09	0.10

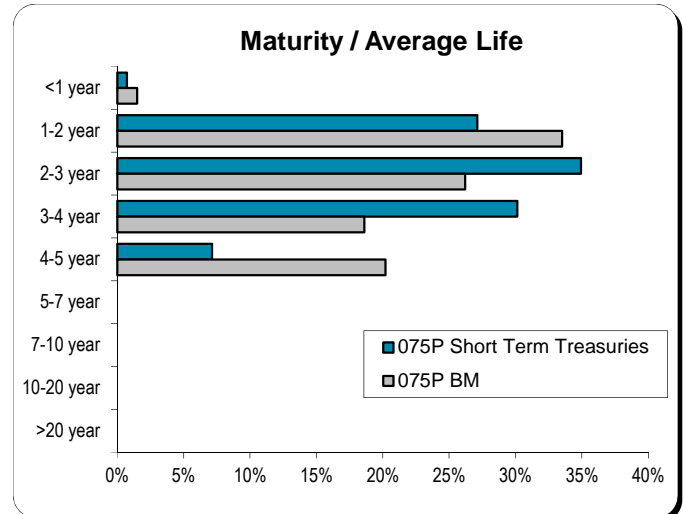
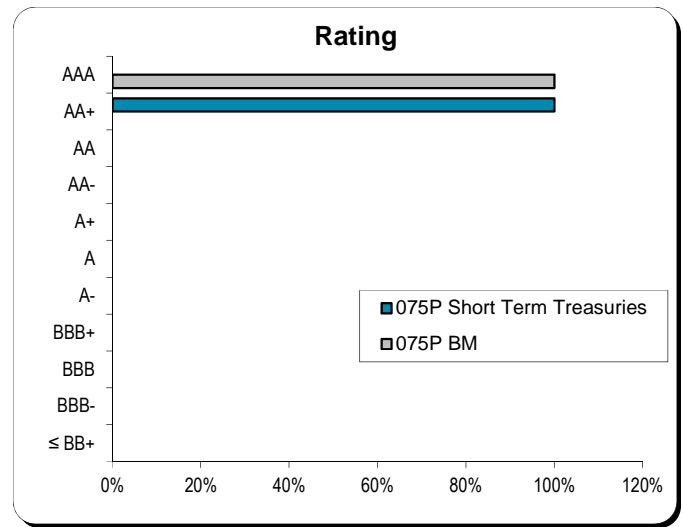
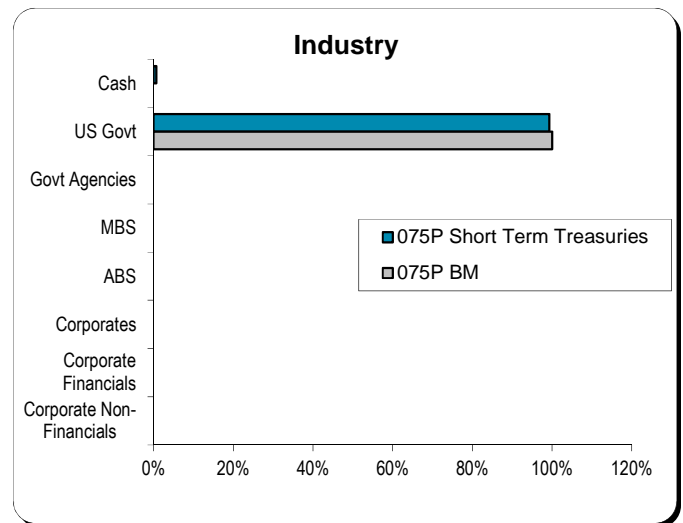
Annualized Returns	Portfolio	Benchmark	Outperform. *
Month	0.85%	0.87%	- 0.02%
Quarter	1.19%	1.23%	- 0.04%
FYTD	2.94%	3.00%	- 0.06%
CYTD	1.19%	1.23%	- 0.04%
1 Year	3.07%	3.17%	- 0.10%
2 Year	1.40%	1.52%	- 0.12%
3 Year	0.86%	0.95%	n/a
5 Year	1.18%	1.26%	n/a
Inception (4/1/14)	1.18%	1.26%	- 0.08%

Annualized Performance Measures since Inception (4/14)			
StDev	1.39%	1.39%	+
Sharpe Ratio	(0.91)	(0.85)	-
Tracking Error	0.05%	n/a	
Info Ratio	(1.54)	n/a	
Monthly Alpha	-0.01%	n/a	-
Beta	1.00	1.00	-
BM Correl	1.00	1.00	

Relative Performance		# Months	Average
Up Months	Above BM	9	0.01%
	Below BM	24	-0.01%
Down Months	Above BM	9	0.00%
	Below BM	18	-0.01%

Stress Tests	P&L (\$000)	% Ret.
Int. Rates Up 100bps	\$ (1,651)	-1.16%
Cred. Sprds up 100 bps	\$ (1,655)	-1.16%

\* computed outperformance may not match portfolio/benchmark returns due to rounding.



# Congress Intermediate Domestic Fixed Income

3/31/2019

Portfolio Manager **Jeff Porter** since June 2002  
 Benchmark BC Intermediate US Govt/Credit

	Portfolio	Benchmark
Market Value (\$000)	\$ 299,130	n/a
# Issues	24	4,850
Avg Coupon	2.87%	2.70%
Avg Rating	AA-	AA/AA-
Avg Maturity	4.20	4.32
Avg Yield	2.60%	2.62%
Avg Mod. Duration	3.85	3.90
Avg. Convexity	0.22	0.22

Annualized Returns	Portfolio	Benchmark	Outperform. *
Month	1.28%	1.35%	- 0.07%
Quarter	2.44%	2.32%	+ 0.12%
FYTD	4.09%	4.01%	+ 0.08%
CYTD	2.44%	2.32%	+ 0.12%
1 Year	4.51%	4.24%	+ 0.27%
2 Year	2.26%	2.28%	- 0.02%
3 Year	1.51%	1.65%	- 0.15%
5 Year	2.09%	2.12%	- 0.03%
Inception (5/31/02)	4.26%	3.80%	+ 0.46%

Annualized Performance Measures since Inception (06/02)			
StDev	3.07%	2.91%	-
Sharpe Ratio	0.59	0.47	+
Tracking Error	1.04%	n/a	
Info Ratio	0.45	n/a	
Monthly Alpha	0.04%	n/a	-
Beta	0.99	1.00	+
BM Correl	0.94	1.00	

Relative Performance		# Months	Average
Up Months	Above BM	71	0.18%
	Below BM	62	-0.12%
Down Months	Above BM	32	0.20%
	Below BM	37	-0.11%

\* computed outperformance may not match portfolio/benchmark returns due to rounding.

Stress Tests	P&L (\$000)	% Ret.
Int. Rates Up 100bps	\$ (8,973)	-3.00%
Cred. Sprds up 100 bps	\$ (8,227)	-2.75%

